

TOWN OF COLFAX, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/2/11

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RETIRED - 2005

December 28, 2010

Independent Auditors' Report

The Honorable Gerald Hamilton, Mayor
and the Board of Aldermen
Town of Colfax, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Colfax's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

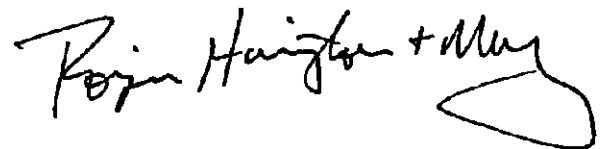
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010 on our consideration of the Town of Colfax, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and

grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colfax's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the primary government financial statements of the Town of Colfax Louisiana. The general fund schedule of expenses – budget and actual and the combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The general fund schedule of expense – budget and actual, and the combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Rozier, Harrington & McKay", with a large, stylized loop at the end.

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

ROZIER, HARRINGTON & MCKAY

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December 28, 2010

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Gerald Hamilton, Mayor
And the Board of Alderman
Town of Colfax, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, Louisiana (the Town), as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements and have issued our report thereon dated December 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Colfax's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as finding 2010-1 and 2010-2.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Colfax's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Colfax's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Colfax's internal control over financial reporting.

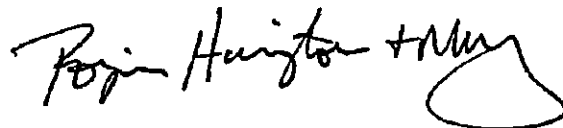
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified two deficiencies (2010-1 and 2010-2) in internal control over financial reporting that we considered to be material weaknesses, as defined above.

The Town of Colfax's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Colfax's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management in a separate letter dated December 28, 2010.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & McKAY
Certified Public Accountant

Town of Colfax

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

This section of the Town of Colfax's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2010.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 2003) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with the utility system and sanitation services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility system and sanitation services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

Net Assets

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	June 30, 2010			For the
	Govern- mental Activities	Business- Type Activities	Total	Year Ended June 30, 2009
<u>Assets:</u>				
Current and other assets	\$ 241,550	\$ 278,057	\$ 519,607	\$ 426,300
Capital assets	959,230	2,304,303	3,263,533	2,837,339
Total assets	<u>1,200,780</u>	<u>2,582,360</u>	<u>3,783,140</u>	<u>3,263,639</u>
<u>Liabilities:</u>				
Current and other liabilities	119,299	174,365	293,664	187,185
Long-term liabilities	13,487	62,013	75,500	74,372
Total liabilities	<u>132,786</u>	<u>236,378</u>	<u>369,164</u>	<u>261,557</u>
<u>Net Assets:</u>				
Invested in Capital Assets (Net)	959,230	2,304,303	3,263,533	2,837,339
Unrestricted	108,764	41,679	150,443	164,743
Total Net Assets	<u>\$ 1,067,994</u>	<u>\$ 2,345,982</u>	<u>\$ 3,413,976</u>	<u>\$ 3,002,082</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (95.6%), are invested in capital assets. Net assets invested in capital assets consist of land, buildings, and equipment less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. The remaining unrestricted net assets (4.4%) may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Changes in Net Assets

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	June 30, 2010			For the Year Ended June 30, 2009
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 26,505	\$ 897,634	\$ 924,139	\$ 870,630
Operating Grants and Contributions	12,047	10,000	22,047	61,564
Capital Grants and Contributions	507,279	51,430	558,709	45,000
General Revenue:				
Property Taxes	73,602	----	73,602	73,737
Sales Taxes	258,702	----	258,702	281,060
Franchise Taxes	58,397	----	58,397	65,746
Occupational Licenses	86,890	----	86,890	91,140
Payment in Lieu of Taxes	10,728	----	10,728	6,823
Miscellaneous	19,569	5,226	24,795	29,398
Total Revenue	<u>1,053,719</u>	<u>964,290</u>	<u>2,018,009</u>	<u>1,525,098</u>
<u>Program Expenses:</u>				
General Government	193,844	----	193,844	229,213
Public Safety	203,536	----	203,536	184,383
Streets, Drainage, and Recreation	281,190	----	281,190	233,538
Utility System	----	878,276	878,276	907,560
Sanitation	----	49,269	49,269	67,101
Total Expenses	<u>678,570</u>	<u>927,545</u>	<u>1,606,115</u>	<u>1,621,795</u>
Increase in Net Assets				
Before Transfers	375,149	36,745	411,894	(96,697)
Transfers	13,836	(13,836)	----	----
Change in Net Assets	388,985	22,909	411,894	(96,697)
Net Assets Beginning	679,009	2,323,073	3,002,082	3,098,779
Net Assets Ending	<u>\$ 1,067,994</u>	<u>\$ 2,345,982</u>	<u>\$ 3,413,976</u>	<u>\$ 3,002,082</u>

Governmental activities increased the Town's net assets by \$388,985. This increase is due to net Transfers in of \$13,836 and revenues in excess of expenditures of \$375,149.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Business-type activities increased the Town's net assets by \$22,909. This increase is due to net transfers out of \$13,836 and revenues in excess of expenditures of \$36,745.

Financial Analysis of the Town's Funds

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$122,251, which represents a decrease of \$86,583 in comparison to the previous balance. This decrease is attributable to net transfers out to other funds of \$11,914 and expenditures in excess of revenues of \$74,669.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported on the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget. The budget was amended as necessary. Some revisions of the original budget were necessary in order to address additional expenditures incurred. A summary of the general fund budget compared to actual amounts is presented as follows:

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Total Revenues	\$ 499,940	\$ 502,375	\$ 590,537	\$ 88,162
Total Expenditures	671,400	691,300	665,206	26,094
Excess (deficiency) of revenues over expenditures	(171,460)	(188,925)	(74,669)	114,256
Operating Transfers In (net)	135,000	135,000	(11,914)	(146,914)
Net Change in Fund Balances	\$ (36,460)	\$ (53,925)	\$ (86,583)	\$ (32,658)

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Capital Asset Administration

Capital asset activity for the year ended June 30, 2010, is summarized as follows:

	Govern- mental Activities	Business- Type Activities	Total
<u>Additions:</u>			
Improvements to Utility System	\$ ----	\$ 51,430	\$ 51,430
Construction in Progress	488,931	----	488,931
Miscellaneous	61,575	7,974	69,549
Total Additions	550,506	59,404	609,910
Depreciation	(74,418)	(109,298)	(183,716)
Net Increase (Decrease)	476,088	(49,894)	426,194
Beginning Capital Asset (Net)	483,142	2,354,197	2,837,339
Ending Capital Assets (Net)	<u>\$ 959,230</u>	<u>\$ 2,304,303</u>	<u>\$ 3,263,533</u>

Highlights of the Town's capital asset administration are provided as follows:

- Improvements to the Town's utility system were for improvements and adjustments made to the waterlines and water well pumps and improvements. These improvements were funded through the Louisiana Government Assistance Program.
- Miscellaneous additions to the Utility system in the current year include the purchase and of a flame pack gas leak detector and a sewer pump. Miscellaneous additions for Governmental activities in the current year were the purchase of Police Technology Equipment funded through the LCLE Technology Grant. In addition, two Police vehicles, a printer, time clock, billing software and a Carousel were also purchased in the current year.
- Construction in Progress consists of street work being worked on which is funded by the LCDBG ARRA Grant.

Factors Expected to Effect Future Operations

Events and conditions that are expected to have a significant influence on future operations are highlighted as follows:

- The American Recovery and Reinvestment Act grant for street improvements of approximately \$500,000 will be competed in the subsequent year.

Town of Colfax

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 92,545	\$ 160,167	\$ 252,712
Receivables (net)	145,805	115,166	260,971
Prepaid insurance	3,200	2,724	5,924
Non depreciable capital assets	207,068	6,232	213,300
Construction in Progress	488,931	-	488,931
Depreciable capital assets, net	<u>263,231</u>	<u>2,298,071</u>	<u>2,561,302</u>
Total assets	<u>1,200,780</u>	<u>2,582,360</u>	<u>3,783,140</u>
<u>LIABILITIES</u>			
Accounts payable	106,848	73,227	180,075
Interfund Payable	1,183	(1,183)	-
Accrued expenses	11,268	5,288	16,556
Deposits due others	-	97,033	97,033
Long-term liabilities			
Due in more than one year	<u>13,487</u>	<u>62,013</u>	<u>75,500</u>
Total liabilities	<u>132,786</u>	<u>236,378</u>	<u>369,164</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	959,230	2,304,303	3,263,533
Unrestricted	<u>108,764</u>	<u>41,679</u>	<u>150,443</u>
Total net assets (deficit)	<u>\$ 1,067,994</u>	<u>\$ 2,345,982</u>	<u>\$ 3,413,976</u>

The accompanying notes are an integral part of the financial statements.

Town of Colfax

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 193,844	\$ -	\$ -	\$ 463,181	\$ 269,337	\$ -	\$ 269,337
Public Safety	203,536	26,505	-	44,098	(132,933)	-	(132,933)
Streets, Drainage, & Recreation	281,190	-	12,047	-	(269,143)	-	(269,143)
Total Governmental Activities	678,570	26,505	12,047	507,279	(132,739)	-	(132,739)
<u>Business-Type Activities:</u>							
Utility System	878,276	831,424	10,000	51,430	-	14,578	14,578
Sanitation	49,269	66,210	-	-	-	16,941	16,941
Total Business-Type Activities	927,545	897,634	10,000	51,430	-	31,519	31,519
Total Primary Government	\$ 1,606,115	\$ 924,139	\$ 22,047	\$ 558,709	(132,739)	31,519	(101,220)
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					73,602	-	73,602
Sales Taxes					258,702	-	258,702
Franchise					58,397	-	58,397
Occupational Licenses					86,890	-	86,890
Payment in lieu of taxes					10,728	-	10,728
Other					19,569	5,226	24,795
Transfers					13,836	(13,836)	-
Total General Revenues and Transfers					521,724	(8,610)	513,114
Change in Net Assets					388,985	22,909	411,894
Net Assets Beginning					679,009	2,323,073	3,002,082
Net Assets Ending					\$ 1,067,994	\$ 2,345,982	\$ 3,413,976

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Balance Sheet

Governmental Funds - June 30, 2010

	General	LCDBG Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 92,545	\$ -	\$ 92,545
Receivables (net)	106,594	39,211	145,805
Prepaid Insurance	3,200	-	3,200
Total assets	\$ 202,339	\$ 39,211	\$ 241,550
<u>Liabilities and fund equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 67,637	\$ 39,211	\$ 106,848
Interfund Payable	1,183	-	1,183
Accrued expenses	11,268	-	11,268
Total liabilities	80,088	39,211	119,299
<u>Fund equity:</u>			
Unreserved - Reported In			
General Fund	122,251	-	122,251
Capital Projects Fund	-	-	-
Total fund equity	122,251	-	122,251
Total liabilities and fund equity	\$ 202,339	\$ 39,211	\$ 241,550

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets

Year Ended June 30, 2010

Total Fund Balances - Governmental Funds	\$	122,251
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Amounts reported for governmental activities in the statement of net assets are
different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	959,230
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Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	<u>(13,487)</u>
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Net Assets of Governmental Activities	\$	<u>1,067,994</u>
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The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance **Governmental Funds - Year Ended June 30, 2010**

	General Fund	LCDBG Fund	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 73,602	\$ -	\$ 73,602
Sales tax	258,702	-	258,702
Licenses and permits:			
Occupational licenses	86,890	-	86,890
Franchise	58,397	-	58,397
Other permits	235	-	235
Intergovernmental:			
Federal funds	44,098	463,181	507,279
State funds	12,047	-	12,047
Beer tax	4,366	-	4,366
Payment in lieu of taxes	10,728	-	10,728
Other	41,472	-	41,472
Total revenues	590,537	463,181	1,053,718
<u>Expenditures:</u>			
Current:			
General government	187,815	-	187,815
Public safety	185,173	-	185,173
Streets, drainage, and recreation	230,643	-	230,643
Capital outlays	61,575	488,931	550,506
Total expenditures	665,206	488,931	1,154,137
Excess (deficiency) of revenues over expenditures	(74,669)	(25,750)	(100,419)

Continued...

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2010

Concluded...

	General	LCDBG Fund	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	<u>(74,669)</u>	<u>(25,750)</u>	<u>(100,419)</u>
<u>Other financing sources (uses):</u>			
Operating transfers in	48,037	25,750	73,787
Operating transfers out	<u>(59,951)</u>	<u>-</u>	<u>(59,951)</u>
Total other financing sources (uses)	<u>(11,914)</u>	<u>25,750</u>	<u>13,836</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(86,583)	-	(86,583)
Fund balance - beginning of year	<u>208,834</u>	<u>-</u>	<u>208,834</u>
Fund balance - end of year	<u>\$ 122,251</u>	<u>\$ -</u>	<u>\$ 122,251</u>

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2010

Net change in fund balances of Governmental Funds \$ (86,583)

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current
period.

Capital expenditures reported by Governmental Funds	550,506	
Depreciation expense reported on a government-wide basis	<u>(74,418)</u>	476,088

Some expenses reported in the statement of activities do not require the use
of current financial resources and therefore are not reported as
expenditures by governmental funds. (520)

Change in net assets of governmental activities \$ 388,985

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Net Assets

Proprietary Funds - Year Ended June 30, 2010

	Business-Type Activities		
	Utility System	Non-Major Funds	Total
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 160,167	\$ -	\$ 160,167
Receivables (net)	108,679	6,487	115,166
Interfund Receivable	1,078	105	1,183
Prepaid Insurance	2,553	171	2,724
Total current assets	<u>272,477</u>	<u>6,763</u>	<u>279,240</u>
Noncurrent Assets:			
Land	6,232	-	6,232
Depreciable capital assets, net	<u>2,297,700</u>	<u>371</u>	<u>2,298,071</u>
Total noncurrent assets	<u>2,303,932</u>	<u>371</u>	<u>2,304,303</u>
Total assets	<u>2,576,409</u>	<u>7,134</u>	<u>2,583,543</u>
<u>Liabilities and fund equity</u>			
<u>Liabilities:</u>			
Current Liabilities:			
Accounts and other payables	72,884	343	73,227
Accrued expenses	4,998	290	5,288
Deposits due others	97,033	-	97,033
Compensated Absences	<u>62,007</u>	<u>6</u>	<u>62,013</u>
Total liabilities	<u>236,922</u>	<u>639</u>	<u>237,561</u>
<u>Net Assets:</u>			
Invested in capital assets, net of related debt	2,303,932	371	2,304,303
Unrestricted	<u>35,555</u>	<u>6,124</u>	<u>41,679</u>
Total net assets	<u>\$ 2,339,487</u>	<u>\$ 6,495</u>	<u>\$ 2,345,982</u>

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended June 30, 2010

	Business-Type Activities		
	Utility System	Non- Major	Total
<u>Operating Revenues:</u>			
Charges for services:			
Gas sales	\$ 447,148	\$ -	\$ 447,148
Water sales	244,042	-	244,042
Sewer charges	118,513	-	118,513
Sanitation charges	-	66,210	66,210
Delinquent charges	21,721	-	21,721
Miscellaneous	3,952	-	3,952
Total operating revenues	835,376	66,210	901,586
<u>Operating Expenses:</u>			
Natural gas purchases	185,985	-	185,985
Salaries and wages	228,169	29,618	257,787
Materials, supplies, and maintenance	116,216	2,578	118,794
Office and postage	12,023	-	12,023
Payroll taxes	16,434	2,381	18,815
Retirement	13,181	1,816	14,997
Vehicle and travel	28,112	4,821	32,933
Insurance	37,704	7,508	45,212
Professional fees	35,485	-	35,485
Sewer expense	2,705	-	2,705
Miscellaneous	7,564	142	7,706
Lease	2,849	-	2,849
Utilities and telephone	82,956	-	82,956
Depreciation	108,893	405	109,298
Total operating expenses	878,276	49,269	927,545
Operating income (loss)	(42,900)	16,941	(25,959)
<u>Non-operating revenues (expenses):</u>			
Capital Grant Proceeds	61,430	-	61,430
Interest income	1,274	-	1,274
Change in net assets before Contributions and transfers	19,804	16,941	36,745
<u>Contributions and Transfers:</u>			
Operating Transfers In	32,385	1,816	34,201
Operating Transfers Out	(28,727)	(19,310)	(48,037)
Change in net assets	23,462	(553)	22,909
Total net assets - beginning	2,316,025	7,048	2,323,073
Total net assets - ending	\$ 2,339,487	\$ 6,495	\$ 2,345,982

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2010

	Business-Type Activities		
	Utility System	Non-Major Funds	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 797,862	\$ 66,844	\$ 864,706
Cash payments to suppliers of goods and services	(504,743)	(18,807)	(523,550)
Cash payments to employees for service	(230,741)	(30,543)	(261,284)
Net cash provided (used) by operating activities	62,378	17,494	79,872
<u>Cash flows from non-capital financing activities:</u>			
(Increase) decrease in due from other funds	(1,078)	-	(1,078)
(Decrease) increase in due to other funds	(16,088)	-	(16,088)
Operating transfers, net	3,658	(17,494)	(13,836)
Net cash provided (used) by non-capital financing activities	(13,508)	(17,494)	(31,002)
<u>Cash flows from capital and related financing activities:</u>			
Acquisition and construction of capital assets	(59,404)	-	(59,404)
Capital Grant Proceeds	61,430	-	61,430
Net cash provided (used) by capital and related financing activities	2,026	-	2,026
<u>Cash flows from investing activities:</u>			
Interest and other income	1,274	-	1,274
Net cash provided (used) by investing activities	1,274	-	1,274
Net increase (decrease) in cash	52,170	-	52,170
Beginning cash balance	107,997	-	107,997
Ending cash balance	160,167	-	160,167
Cash - restricted	-	-	-
Cash - unrestricted	\$ 160,167	\$ -	\$ 160,167

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2010

	Business-Type Activities		
	Utility System	Non-Major Funds	Total
<u>Reconciliation of operating income (loss) to net cash</u>			
Operating Income (loss)	\$ (42,900)	\$ 16,941	\$ (25,959)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	108,893	405	109,298
(Increase) decrease in accounts receivable	(38,029)	634	(37,395)
(Increase) decrease in prepaid expenses	739	397	1,136
(Decrease) increase in accounts payable	35,732	42	35,774
(Decrease) increase in accrued expenses	(3,623)	(482)	(4,105)
(Decrease) increase in meter deposits	515	-	515
(Decrease) increase in compensated absences	1,051	(443)	608
 Net cash provided (used) by operating activities	 <u>\$ 62,378</u>	 <u>\$ 17,494</u>	 <u>\$ 79,872</u>

Supplemental disclosures of cash flow information:

For the years ended June 30, 2010 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Colfax, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire), streets and drainage, recreation, public improvements, utility (gas, water, sewerage, and sanitation), and general administrative services.

The accompanying policies of the Town of Colfax, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the Town of Colfax for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - The ability of the Town to impose its will on that organization, and/or
 - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the above criteria, the Town of Colfax has no component units for the year ended June 30, 2010.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most inter-fund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

- Governmental Funds
 - General fund – The general fund is the primary operating fund and is used to account for all governmental activities.
 - LCDBG- The LCDBG fund is a grant related fund set up for the administration of the LCDBG-ARRA Grant.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

- Proprietary Funds
 - Utility System – The utility fund is used to account for the operation of the Town's water, sewer, and natural gas system which are supported by user charges.

Proprietary fund revenues earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before December 30, 1989.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgements are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets excluding capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as another financing source and repayment of long-term debt is reported as an expenditure.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines, and court cost is not recognized until it is collected.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system is estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Statement of Cash Flows

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank, and certificates of deposit.

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2010, cash and cash equivalents totaled \$252,712 (book balance) and \$655,565 (bank balance). The book balance is considered unrestricted.

Under state law, these deposits must be secured by federal deposit insurance or by the pledge of securities held by the bank. The securities pledged are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties. At June 30, 2010, deposits with financial

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

institutions were fully covered by FDIC, FDIC Transaction Guarantee Program and pledged securities. The pledged securities had a market value of \$257,770 at June 30, 2010.

Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Town that the pledging bank has failed to pay deposited funds on demand.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2010, consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 91,894	\$ 91,894
Franchise Taxes	12,735	----	12,735
LCLE Grant	44,098	----	44,098
LCDBG Grant	39,211	----	39,211
CWEF Grant	----	28,430	28,430
Other	119	1,732	1,851
Total Accounts Receivables	<u>96,163</u>	<u>122,056</u>	<u>218,219</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	39,171	----	39,171
Other	10,471	----	10,471
Total Due From Other Governmental Units	<u>49,642</u>	<u>----</u>	<u>49,642</u>
Total Receivables	145,805	122,056	267,861
Allowance for Doubtful Accounts	----	(6,890)	(6,890)
Net Receivables	<u>\$ 145,805</u>	<u>\$ 115,166</u>	<u>\$ 260,971</u>

NOTE 4 – LONG-TERM LIABILITIES

The following are liabilities due in more than one year:

	Governmental Activities	Business-Type Activities	Total
Compensated Absences	<u>\$ 13,487</u>	<u>\$ 62,013</u>	<u>\$ 75,500</u>

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Changes in the Town's long-term liabilities for the year ended June 30, 2010 are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Compensated absences	\$ 12,967	\$ 520	\$ ----	\$ 13,487
 <u>Business-Type Activities</u>				
Compensated Absences	61,405	608	----	62,013
 Total Long-Term Liabilities	<u>\$ 74,372</u>	<u>\$ 1,128</u>	<u>\$ ----</u>	<u>\$ 75,500</u>

NOTE 5 – AD VALOREM TAXES

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Grant Parish.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in late November or December.

Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2010, the Town levied 10.62 mills of ad valorem taxes totaling \$73,602 which were dedicated to the general corporate purposes of the Town.

NOTE 6 - FIXED ASSETS

Changes in the governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Construction in Progress	\$ ----	\$488,931	\$ ----	\$ 488,931

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Land	207,068	----	----	207,068
Total	<u>207,068</u>	<u>488,931</u>	<u>----</u>	<u>695,999</u>
Depreciable Capital Assets				
Buildings	47,076	----	----	47,076
Improvements	706,246	----	----	706,246
Equipment	403,682	61,575	(50,396)	414,861
Accumulated Depreciation	<u>(880,930)</u>	<u>(74,418)</u>	<u>50,396</u>	<u>(904,952)</u>
Total	<u>276,074</u>	<u>(12,843)</u>	<u>----</u>	<u>263,231</u>
Total Governmental Activities	<u>\$ 483,142</u>	<u>476,088</u>	<u>\$ ----</u>	<u>\$ 959,230</u>

Business-Type Activities

Non Depreciable Capital Assets

Land	<u>\$ 6,232</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 6,232</u>
Total	<u>6,232</u>	<u>----</u>	<u>----</u>	<u>6,232</u>

Depreciable Capital Assets

Sanitation Equipment	37,254	----	----	37,254
Sanitation Improvements	2,024	----	----	2,024
Utility Buildings	5,380	----	----	5,380
Utility Equipment	195,028	7,974	(29,995)	173,007
Utility Distribution System	5,091,829	51,430	----	5,143,259
Accumulated Depreciation	<u>(2,983,550)</u>	<u>(109,298)</u>	<u>29,995</u>	<u>(3,062,853)</u>
Total	<u>2,347,965</u>	<u>(49,894)</u>	<u>----</u>	<u>2,298,071</u>

Total Business-Type Activities	<u>\$ 2,354,197</u>	<u>\$ (49,894)</u>	<u>\$ ----</u>	<u>\$2,304,303</u>
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Depreciation expense reported by the various functions is presented as follows:

Governmental Activities

General Government	\$ 5,508
Public Safety	18,363
Streets, Drainage, & Recreation	50,547
Total Depreciation – Governmental Activities	<u>\$ 74,418</u>

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Business-Type Activities

Utility System	\$ 108,893
Sanitation	405
Total Depreciation – Business-Type Activities	<u>\$ 109,298</u>

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses at June 30, 2010:

	<u>Payable to Vendors</u>	<u>Accrued Expenses</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	<u>\$ 106,848</u>	<u>\$ 11,268</u>	<u>\$ 118,116</u>
<u>Business-Type Activities</u>			
Utility System	72,884	4,998	77,882
Non-Major	343	290	633
Total Business-Type	<u>73,227</u>	<u>5,288</u>	<u>78,515</u>
Total Accounts Payable And Accrued Expenses	<u>\$ 180,075</u>	<u>\$ 16,556</u>	<u>\$ 196,631</u>

NOTE 8 – COMPENSATION OF ELECTED OFFICIALS

Payments to the Board of Aldermen for the year ended June 30, 2010 were as follows:

	<u>Position</u>	<u>Amount</u>
Gerald Hamilton	Mayor	\$ 14,400
Alan Futrell	Alderman	4,200
David Clark	Alderman	4,200
Lourain Lacour	Alderman	4,200
Lorraine Sapp	Alderman	4,200
Cora Reed	Alderman	4,200
		<u>\$ 35,400</u>

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 9 - RISK MANAGEMENT

The Town of Colfax is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 10 – CONDUIT DEBT

To provide for the construction of a warehouse/distribution facility, land and infrastructure improvements, the Town of Colfax issued \$2,300,000 of indebtedness to the Louisiana Department of Economic Development. This debt is a limited special obligation of the Town, payable solely from and secured by a pledge of rental income to be received from a lease agreement between the Town and Ditto Apparel of California, Inc. This debt does not constitute a debt or pledge of the faith and credit of the Town, and accordingly has not been reported in the accompanying financial statements.

At June 30, 2010, the balance of the debt outstanding aggregated \$1,300,000.

NOTE 11 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds in order to cover expenses as necessary. The transfers are presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>Governmental Activities</u>			
General Fund	\$ 48,037	\$ 59,951	\$ (11,914)
LCDBG	<u>25,750</u>	<u>-----</u>	<u>25,750</u>
Total Transfers In	<u>73,787</u>	<u>59,951</u>	<u>13,836</u>
<u>Business-Type Activities</u>			
Utility System	32,385	28,727	3,658
Non-Major	<u>1,816</u>	<u>19,310</u>	<u>(17,494)</u>
Total Transfers Out	<u>34,201</u>	<u>48,037</u>	<u>(13,836)</u>
Net Transfers	<u>\$ 107,988</u>	<u>\$ (107,988)</u>	<u>\$ ----</u>

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES:

In the ordinary course of business, the Town routinely records an interfund receivable and payable from the utility system to the sanitation in order to properly record sanitation revenues. These receivables and payables are paid off at the end of each month. For the year ended June 30, 2010, the interfund balance between the funds was \$1,183.

NOTE 13- PENSION PLAN

Substantially all employees of the Town of Colfax, Louisiana, are members of the Municipal Employees Retirement Systems of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Colfax is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Colfax are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Town of Colfax

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues:</u>				
Taxes				
Ad valorem	\$ 73,000	\$ 73,000	\$ 73,602	\$ 602
Sales taxes	275,000	270,000	258,702	(11,298)
License and permits				
Occupational licenses	55,000	55,000	86,890	31,890
Franchise fees	65,000	60,000	58,397	(1,603)
Other permits	-	-	235	235
Charges for services	3,825	1,500	1,610	110
Intergovernmental				
Beer taxes	4,000	4,500	4,366	(134)
Tobacco taxes	2,400	-	-	-
Payment in lieu of taxes	5,215	8,000	10,728	2,728
Other	16,500	30,375	96,007	65,632
Total revenues	499,940	502,375	590,537	88,162
<u>Expenses:</u>				
General government	399,800	388,300	187,815	200,485
Public Safety	125,600	190,000	185,173	4,827
Streets, Drainage, and Recreation	95,500	93,000	216,564	(123,564)
Recreation	13,000	19,000	14,079	4,921
Capital Outlay	37,500	1,000	61,575	(60,575)
Total Expenses	671,400	691,300	665,206	26,094
Excess (deficiency) of revenues over expenditures	(171,460)	(188,925)	(74,669)	114,256
<u>Other financing sources (uses):</u>				
Operating transfers in	135,000	135,000	48,037	(86,963)
Operating transfers out	-	-	(59,951)	(59,951)
Total other financing sources (uses)	135,000	135,000	(11,914)	(146,914)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(36,460)	(53,925)	(86,583)	(32,658)
Fund balance - beginning of year	118,723	208,834	208,834	-
Fund balance - end of year	\$ 82,263	\$ 154,909	\$ 122,251	\$ (32,658)

Town of Colfax

General Fund

Schedule of Expenses - Budget and Actual

Year Ended June 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
General Government:				
Salary - Elected Officials	\$ 35,400	\$ 35,400	\$ 35,400	\$ -
Salaries - office	49,400	49,400	22,341	27,059
Payroll Taxes	21,500	21,500	20,555	945
Equipment Maintenance	25,000	20,000	2,199	17,801
Gas and Oil	45,000	20,000	2,799	17,201
Office and Printing	16,500	16,500	14,456	2,044
Utilities and Phone	85,000	67,500	29,678	37,822
Insurance	47,000	32,500	-	32,500
Dues and Subscriptions	3,000	3,000	2,535	465
Miscellaneous	18,500	65,000	15,832	49,168
Professional Fees	30,000	37,000	32,893	4,107
Mayor's Expense	1,000	500	-	500
Other Labor	1,500	1,500	465	1,035
Travel and Seminar	7,500	5,000	4,936	64
Retirement	6,000	6,000	3,726	2,274
Sales tax administration	7,500	7,500	-	7,500
			-	
Total General Government	399,800	388,300	187,815	200,485
Public Safety:				
Police Department Salaries	85,000	115,000	109,731	5,269
Police Department Expenses	16,000	25,000	29,150	(4,150)
Retirement-Police	9,600	-	-	-
Repairs & Maintenance	-	2,500	232	2,268
Gas & Oil	-	25,000	23,622	1,378
Utilities and Telephone	-	5,000	4,598	402
Insurance	-	12,500	17,840	(5,340)
Capital Outlay	15,000	5,000	-	5,000
Total Public Safety	125,600	190,000	185,173	4,827
Streets, Drainage, and Recreation:				
Streets and Drainage				
Salaries	68,000	68,000	90,547	(22,547)
Supplies and Materials	22,500	20,000	25,920	(5,920)
Aloha-Rigolette Maintenance	5,000	5,000	5,000	-
Repairs and Maintenance	-	-	24,193	(24,193)
Gas and Oil	-	-	12,759	(12,759)
Utilities and Telephone	-	-	35,926	(35,926)
Landscaping	-	-	2,000	(2,000)
Equipment Lease	-	-	1,923	(1,923)
Insurance	-	-	18,296	(18,296)
Total Streets and Drainage	95,500	93,000	216,564	(123,564)

Continued...

Town of Colfax

General Fund

Schedule of Expenses - Budget and Actual

Year Ended June 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<u>Streets, Drainage, and Recreation (cont.):</u>				
Recreation				
Ball Parks/Parks & Recreation	5,000	-	-	-
Festivals and Parades	3,500	15,000	10,095	4,905
Recreations Program	4,500	4,000	3,984	16
Total Recreation	13,000	19,000	14,079	4,921
 Total Streets, Drainage, and Recreation	 108,500	 112,000	 230,643	 4,921
<u>Capital Outlay:</u>				
Equipment	17,500	1,000	-	1,000
Other	20,000	-	61,575	(61,575)
Total Capital Outlay	37,500	1,000	61,575	(60,575)
Total Expenses	\$ 671,400	\$ 691,300	\$ 665,206	\$ 26,094

Town of Colfax

Schedule of Expenditure of Federal Financial Awards For the Year Ended June 30, 2010

	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
FEDERAL GRANTOR / Pass-through Grantor / Program Title		
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Pass-through the State of Louisiana, Community Development Block Grants	14.255	463,181
DEPARTMENT OF JUSTICE		
Pass-through the State of Louisiana, Louisiana Commission on Law Enforcement and Administration of Criminal Justice	16.803	44,098
 TOTAL FEDERAL FUNDS EXPENDED		 <u>\$ 507,279</u>

OTHER REPORTS

ROZIER, HARRINGTON & MCKAY

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RETIRED - 2005

December 28, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Gerald Hamilton, Mayor
and Members of the Board of Aldermen
Town of Colfax, Louisiana

Compliance

We have audited the compliance of the Town of Colfax with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town of Colfax's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Colfax's management. Our responsibility is to express an opinion on the Town of Colfax's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Colfax's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Colfax's compliance with those requirements.

In our opinion, the Town of Colfax complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

-Members-

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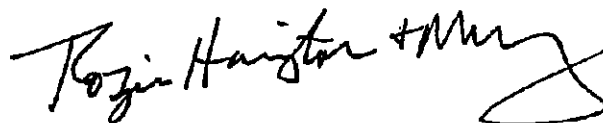
Internal Control over Compliance

The management of the Town of Colfax is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Colfax's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Colfax's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF COLFAX

Schedule of Findings and Questioned Costs ***June 30, 2010***

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the general purpose financial statements for the Town of Colfax, Louisiana, as of June 30, 2010 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed two instances (2010-1 and 2010-2) of noncompliance that are considered to be material to the financial statements of the Town of Colfax.
- The audit disclosed two audit findings (2010-1 and 2010-2) which are required to be reported as significant deficiencies in internal control over financial reporting.
- The Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 expressed an unqualified opinion on compliance requirements for the major program described below.
 - Major programs for the year ended June 30, 2010 are presented as follows:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, Passed Through State of Louisiana)

CFDA No. 14.255 – Street Improvement Funds

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Town of Colfax was not considered to be a low risk auditee as defined by OMB Circular A-133.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- Finding 2010-1 – Legislative Auditor Compliance Review. Unresolved items remain from the Louisiana Legislative Auditor compliance review, dated October 29, 2008 and their *Checklist of Best Practices*.
- Finding 2010-2 – Public Bid Law. During our test work we became aware that the Town's Police Department did not comply with Public Bid Law on an equipment purchase.

Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None.

TOWN OF COLFAX

Management's Corrective Action Plan ***June 30, 2010***

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2010-1</u> – The Legislative Auditor issued a compliance review, dated October 29, 2008. In addition, the Legislative Auditor applied their <i>Checklist of Best Practices</i>, and the following noted items still remain unresolved:</p> <ol style="list-style-type: none">1. Natural Gas Losses: "Management to continue its efforts to identify the causes of the natural gas losses."2. Written Policies: "For the Town to develop and implement written policies" in the following areas: Purchasing Procedures Credit cards Travel Expenses Time Cards Traffic Tickets3. Festival and parade expenditures: In two areas we were asked to "consult the Town's legal advisor about the legality of these expenditures." These expenditures included the Pecan Festival and the Christmas parade.4. Past Due Accounts: The recommendation was that "management	<p><u>Management's Response:</u></p> <p>We have addressed this comment below in the management letter section.</p> <p>For each of the areas shown to the left, we agree that we do not have written policies. However, we do have long-standing established procedures that we follow. We have three employees in the administrative office that have been employed for many years with the Town and they have developed standard procedures which they follow each day. We have turned this matter over to our finance committee and they have begun the process of developing our written procedures.</p> <p>We have turned both of these issues over to our legal counsel for advice on the legality of these expenditures. He is in the process of drafting the documents necessary to clarify this issue.</p> <p>We have addressed this comment below in the management letter section. See ML 2-2010.</p>

TOWN OF COLFAX

Management's Corrective Action Plan June 30, 2010

<p>develop and enforce a uniform cut-off policy.”</p>	
<p>5. Vacation and sick leave records: The recommendation was that “the Town require its employees to complete standardized annual and sick leave forms.”</p>	<p>This matter has been turned over to the Finance Committee to develop standardized forms. Presently, all employees report their vacation and sick leave time on time cards maintained by the payroll clerk.</p>
<p>6. Reporting Traffic Violations: The recommendation was that “the Town should comply with state law and report traffic violations with DPS.”</p>	<p>We have been working with the Police Chief, the Finance Committee, and the Court Magistrate to develop written procedures to ensure future compliance.</p>
<p>7. Confiscated evidence: The recommendation was that the “Town police department improve its controls over confiscated evidence.”</p>	<p>We have asked the Police Chief to review his policies on confiscated evidence and implement written policies. We will periodically require the Chief to present reports to the Council on the status of any physical inventory counts.</p>
<p>8. Organizational chart and job description: The recommendation was that the “Town develop organizational charts and that job descriptions be developed for each position.”</p>	<p>This matter has been turned over to the Finance Committee. They are working on developing job descriptions and organizational charts. However, due to the size of the Town, we believe every employee is aware of who their supervisor is. In addition, any employee may talk with the Town Clerk or the Mayor for guidance.</p>
<p><u>Finding 2010-2</u> – Public Bid Law: During our test work we became aware that the Town’s Police Department did not comply with Public Bid Law on an equipment purchase.</p>	<p><u>Response:</u> The Town was unaware the purchase the Police department made was not from an approved Sole Source Provider. The Town will make every effort in the future to comply with Public Bid Law.</p>

TOWN OF COLFAX

Management's Corrective Action Plan June 30, 2010

<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
Not applicable.	Not Applicable.
<u>SECTION III</u> MANAGEMENT LETTER	
<p><u>ML-1-2010, Natural Gas Losses:</u> Over the six year period gas losses have ranged from 15.3% to 25.2%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers.</p> <p><u>ML-2-2010, Utility Cutoff Procedures:</u> During our work on the Town's utility system, we noted that past due utility bills are still at a high level. We are concerned that these increases may be attributable to a lack of enforcing a uniform cutoff policy. Our test work also showed that some employees are slow to pay their bills. We recommend the Town strictly enforce a uniform cutoff policy.</p> <p>We also noted that final bills that have not been paid by the customer are not being reported to a collection agency for possible collection.</p> <p><u>ML-3-2010, Mileage Reimbursement:</u> During our work we became aware that the Town does not have a written policy regarding the use of Town vehicles.</p>	<p><u>Response:</u> We have engaged a specialist whose current findings should be helpful to alleviate some of the gas losses and who will continue to consult with us on gas related issues. In the current year our loss percentage decreased. We are and will continue to diligently work to resolve this issue.</p> <p><u>Response:</u> We will review our cutoff policies and take any corrective action as deemed necessary. In addition we will continue reviewing accounts receivable reports & delinquent reports at each council meeting.</p> <p>We will begin turning unpaid final bills over to collections.</p> <p><u>Response:</u> The Policy has been drafted and is awaiting adoption.</p>

TOWN OF COLFAX

Management's Corrective Action Plan June 30, 2010

<p><u>ML-4-2010, Grant Management:</u> During our work we became aware that the Town's Police Department was responsible for administering the Police Grant received in the current year. We recommend that a policy be established that Grant Administration be managed by the Town's Clerk or an outside consultant who is experienced with Grant reporting procedures.</p>	<p><u>Response:</u> In the future all Grant reporting will be handled through the Town's main office staff or the Town's engineers Pan American and not by the employees in other departments.</p>
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TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2010

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2009-1</u> – The Legislative Auditor issued a compliance review, dated October 29, 2008. In addition, the Legislative Auditor applied their <i>Checklist of Best Practices</i>, and noted the following items:</p> <ol style="list-style-type: none">1. Natural Gas Losses: "Management to continue its efforts to identify the causes of the natural gas losses."2. Written Policies: "For the Town to develop and implement written policies" in many areas. Purchasing Procedures Credit cards Travel Expenses Time Cards Traffic Tickets	<p><u>Management's Response:</u></p> <p>Unresolved. We have addressed this comment below in the management letter section.</p> <p>Unresolved. The finance committee is still working on the policy related to these issues. For each of the areas shown to the left, we agree that we do not have written policies. However, we do have long-standing established procedures that we follow. We have three employees in the administrative office that have been employed for many years with the Town and they have developed standard procedures which they follow each day. We have begun the process of developing our written procedures. This issue has been turned over to the finance committee to oversee the completion of these policies and procedures.</p> <p>In addition to the information above we are working on implementing written policies for each of the additional items. We are currently working on the following for each of the additional items:</p> <p>Purchasing procedures we do have purchase order system but we do not have a written</p>

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2010

	<p>policy but this matter has been turned over to the finance committee.</p> <p>We have begun requiring that travel reports be submitted.</p> <p>We are reviewing our current time card procedures to ensure that all employees prepare and sign their own time cards and that the time cards are approved by the employee's supervisor.</p> <p>We are working with the Elected Police Chief in addition to the Finance Committee on establishing the policy for ticket book controls.</p>
3. Festival and parade expenditures: In two areas we were asked to "consult the Town's legal advisor about the legality of these expenditures." These expenditures included the Pecan Festival and the Christmas parade.	Unresolved. We have turned both of these issues over to our legal council for advice on the legality of these expenditures.
4. Past Due Accounts: The recommendation was that "management develop and enforce a uniform cut-off policy."	Unresolved. We have addressed this issue in finding ML-2-2009 below.
5. Vacation and sick leave records: The recommendation was that "the Town require its employees to complete standardized annual and sick leave forms."	Unresolved. This matter has been turned over to the Finance Committee to develop standardized forms.
6. Reporting Traffic Violations: The	Unresolved. We have been working with the

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2010

<p>recommendation was that "the Town should comply with state law and report traffic violations with DPS."</p> <p>7. Confiscated evidence: The recommendation was that the "Town police department improve its controls over confiscated evidence."</p> <p>8. Organizational chart and job description: The recommendation was that the "Town develop organizational charts and that job descriptions be developed for each position."</p>	<p>Police Chief, the Finance Committee, and the Court Magistrate to develop written procedures to ensure future compliance.</p> <p>Unresolved. We have instructed the Police Chief to review his policies on confiscated evidence and implement written policies. We will periodically require the Chief to present reports to the Council on the status of any physical inventory counts.</p> <p>Unresolved. This matter has been turned over to our Finance Committee. They are working on developing job descriptions and organizational charts. However, due to the size of the Town, we believe every employee is aware of who their supervisor is. In addition, any employee may talk with the Town Clerk or the Mayor for guidance.</p>
<p style="text-align: center;"><u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</p>	
<p>No Findings of this nature.</p>	<p>No response necessary.</p>
<p style="text-align: center;"><u>SECTION III</u> MANAGEMENT LETTER</p>	

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2010

ML-1-2009, Natural Gas Losses:

Over the three year period gas losses have ranged from 18.6% to 25.2%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers.

ML-2-2009, Utility Cutoff Procedures:

During our work on the Town's utility system, we noted that past due utility bills are still at a high level. We are concerned that these increases may be attributable to a lack of a uniform cutoff policy. Our test work also showed that some employees are slow to pay their bills. We recommend the Town establish and enforce a uniform cutoff policy.

We also noted that final bills that have not been paid by the customer are not being reported to a collection agency for possible collection.

ML-3-2009, Mileage Reimbursement:

During our work we became aware that the Town does not have a written policy regarding the use of Town vehicles.

Response:

Unresolved. We have engaged a specialist whose current findings should be helpful to alleviate some of the gas losses and who will continue to consult with us on gas related issues. In the current year we made progress and our loss percentage decreased. We are and will continue to diligently work to resolve this issue.

Response:

Unresolved. We have begun the process of adopting a uniform cut off policy.

We will begin turning unpaid final bills over to collections.

Response:

Unresolved. The Town is in the process of reviewing the current policies in effect and will take any corrective action as needed.

ROZIER, HARRINGTON & MCKAY

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M. DALE HARRINGTON, CPA
RETIRED - 2005

December 28, 2010

Town of Colfax
Colfax, Louisiana

In planning and performing the audit we were engaged to perform on the financial statements of the Town of Colfax for the year ended June 30, 2010, we became aware of some issues that should be addressed by the Mayor and Council.

Natural Gas Losses:

A summary of gas purchases and resale to customers over the last six years is as follows:

	For the Year Ended June 30,					
	2005	2006	2007	2008	2009	2010
Gas Purchases (MCF)	31,922	31,049	30,337	29,289	26,295	29,691
Gas Sales (MCF)	25,118	25,275	22,682	22,041	20,873	25,163
Gas Loss (MCF)	6,804	5,774	7,655	7,248	5,422	4,528
Gas Loss as a Percentage of Purchases	21.3%	18.6%	25.2%	24.7%	20.6%	15.3%

Over the six year period gas losses have ranged from 15.3% to 25.2%. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers. We believe the Town needs to continue investigating these losses to determine the cause of the shortages.

Utility Cutoff Procedures:

During our work on the Town's utility system, we noted that past due utility bills are still at a increased level. We are concerned that this increase may be attributable to a lack of enforcing a uniform cutoff policy. We also noted that some employees are slow to pay. We recommend the Town strictly enforce a uniform cutoff policy.

In addition, we also noted that final bills that are not paid by customers are not being reported to a collection agency for possible collection.

-Members-

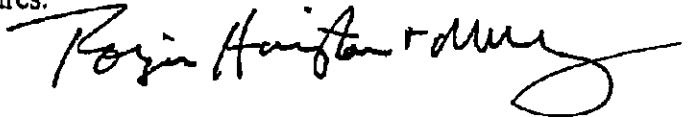
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Mileage Reimbursement:

During our work we became aware that the Town does not have a written policy regarding the use of Town vehicles. We recommend that the Town adopt such a written policy.

Grant Management:

During our audit work we became aware that the Town's police department was responsible for administering the Police Grant received in the current year. We recommend a policy be established that Grant Administration be managed by the Town's Clerk or an outside consultant who is experienced with Grant reporting procedures.



ROZIER, HARRINGTON & McKAY,
Certified Public Accountants